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Volume 11

MILK MARKET INFORMATION U.S. DEPT. OF AGRICULTURE
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Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

RECOMMENDS AMENDING ORDERS

The U. S. Department of Agriculture has recommended amending the Chattanooga and Knoxville, Tennessee, federal milk marketing orders. The recommended decision is based on a public hearing held May 24 in Knoxville, at the request of dairy farmer cooperative associations. As recommended, each of the orders would be amended to establish the Minnesota-Wisconsin manufacturing milk price as the Class II price for milk used for manufacturing. Another amendment would provide that the fluid milk (Class I) price under each order be announced by the 6th instead of the 10th day of the month. Copies of this recommended decision may be obtained from the Market Administrator.

DAIRY IMPORTS RESTRICTED

Imports of dairy products will be reduced to one-fourth the present volume beginning July 1, 1967, under a proclamation issued June 30 by President Johnson which will place import quotas on a number of dairy products for the first time.

Hailing the action as promising "long-sought relief both to dairy farmers and the taxpayer," Secretary of Agriculture Orville L. Freeman pointed out that dairy imports would be cut from an annual rate of nearly 4.3 billion pounds milk equivalent currently to about 1 billion pounds.

The Proclamation, issued under the authority of Section 22 of the Agricultural Adjustment Act, as amended, will result in an overall annual level of dairy imports of less than 1 percent of domestic milk production, which currently is running at about 121 billion pounds annually.

MARKET SUMMARY - JUNE 1967

The Order MINIMUM uniform producer prices per cwt. f.o.b. Chattanooga Area pool plants for milk testing 3.5% are: Base Milk \$5.68, Excess Milk \$3.33. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5 percent. This is a base price increase of \$0.67 per cwt. and an excess price increase of \$0.25 per cwt. over June 1966.

During June 76.0% of the total producer milk was priced in Class I at \$6.16 per cwt. with a butterfat differential of 8.6 cents and 24.0% priced in Class II at \$3.37 per cwt. with a butterfat differential of 7.6 cents. The daily average use of Class I producer milk decreased 6.9% compared with June 1966.

Producer milk received during June was 17,547,782 pounds which was a decrease of 1,193,851 pounds compared with June 1966. This is a percentage decrease of 6.4% compared with June 1966. Receipts of Producer Base Milk exceeded Producer Milk used in Class I by 2,673,353 pounds which accounts for most of the difference between the Producer Base Price and the Class I Price. Base milk was 91.2% and excess milk was 8.8% of total producer receipts. The daily average delivery per farm was 1,060 pounds compared with 973 pounds per farm in June 1966. This is an increase of 87 pounds (10.1 gallons) per farm per day.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

| | % June '67 Over June '66 | June 1967 | May 1967 | June 1966 |
|---|--------------------------------|--------------|-------------|--------------|
| Number of Plants (Pool and Non-Pool) | | 8 | 9 | 11 |
| <u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u> | | | | |
| Producer Milk | - 6.4 | 584,926 | 611,463 | 624,721 |
| Other Source | - 13.2 | 26,406 | 25,664 | 30,437 |
| Other Federal Orders | +580.5 | 63,292 | 49,648 | 9,301 |
| Total Milk Receipts | + 1.5 | 674,624 | 686,775 | 664,459 |
| <u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u> | | | | |
| <u>Class I Uses - Pool Plants</u> | | | | |
| Homo Milk | - 2.1 | 344,290 | 361,396 | 351,791 |
| Regular Skim | + 9.1 | 16,687 | 16,141 | 15,298 |
| Special Skim - 2% | +292.6 | 34,017 | 36,962 | 8,664 |
| Buttermilk | + 10.2 | 43,439 | 40,506 | 39,435 |
| Flavored Milk and Drink | - 2.6 | 13,185 | 12,128 | 13,531 |
| Creams (Sweet and Sour) | + 14.7 | 3,059 | 3,160 | 2,666 |
| Sub-total - Packaged Products | + 5.4 | 454,677 | 470,293 | 431,385 |
| Other (Shrinkage, Inventory, etc.) | | 1,365 | (1,484) | 7,506 |
| Transfers to Non-Pool Plants | | 25,966 | 27,575 | 43,652 |
| In-Area Sales by Non-Pool Plants | | 1,474 | 1,437 | 9,712 |
| Total Class I Milk | - 1.8 | 483,482 | 497,821 | 492,255 |
| <u>Class II Uses</u> | | | | |
| Ice Cream Mixes | | 53,963 | 40,221 | 53,627 |
| Cottage Cheese | | 35,594 | 32,609 | 34,439 |
| Powdered and Condensed Milk | | 37,580 | 49,948 | 38,855 |
| Livestock Feed and Skim Dumped | | 8,316 | 7,067 | 6,405 |
| Sub-total - Used to Produce | + 1.6 | 135,453 | 129,845 | 133,326 |
| Shrinkage Class II | | 8,221 | 9,319 | 10,677 |
| Other (Butter, Inventory, etc.) | | (9,926) | 5,289 | (1,424) |
| Transfers to Non-Pool Plants | | 57,394 | 44,501 | 29,625 |
| Total Class II Milk | + 11.0 | 191,142 | 188,954 | 172,204 |
| Class I Pounds In Area - Pool Plants | - 2.8 | 273,903 | 288,051 | 281,907 |
| Class I Pounds Outside Area - Pool Plants | + 3.7 | 208,105 | 208,333 | 200,636 |
| Class I Pounds In Area - Non-Pool Plants | | 1,474 | 1,437 | 9,712 |
| % Producer Milk of Gross Class I | | 121.0 | 122.8 | 126.9 |
| % Producer Milk priced in Class I | | 76.0 | 75.0 | 76.4 |

JULY 1967 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

| | July '67 | June '67 | July '66 |
|---|-------------------|-------------------|----------------------|
| Per \$ 1090.51(a) | | | |
| Basic Formula | \$4.05 | \$4.05 | \$3.977 ² |
| Plus Class I Differential | 1.95 ¹ | 1.95 ¹ | 1.75 |
| Supply-Demand Adjustment | 0.24 | 0.16 | 0.04 |
| Class I Price, 3.5% Butterfat | \$6.24 | \$6.16 | \$5.767 |
| Supply-Demand Comparison: 1st and 2nd preceding months: May and June | | | |
| Supply: Lbs. Producer Milk (May 18,955,354 and June 17,547,782) | | | 36,503,136 |
| Demand: Lbs. Net Class I Milk (May 15,434,772 and June 14,460,248) | | | 29,895,020 |
| Utilization Percentage: Producer milk divided by Class I | | | 122 |
| Standard Utilization Percentage: Range 134-138 | | | 134 |
| Net Deviation Percentage: Utilization minus Standard Utilization | | | Minus 12 |
| Supply-Demand Adjustment: 2 cents x 12 percentage points | | | Plus \$0.24 |
| ¹ Class I differential increased 20 cents per Order Amendment effective May 1, 1967. | | | |
| ² Weighted average of two basic formulas for July 1966. | | | |

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

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| JUNE 1967 | Class % | Milk Pounds | Butterfat Test - % | Cwt.Price @ Test | Gross Value |
|--|------------|----------------|-----------------------|---------------------|----------------|
| Gross Class I | | 14,504,458 | 3.429 | | |
| Less Other Source | | 1,173,112 | 3.040 | | |
| Producer Milk Class I | 76.0 | 13,331,346 | 3.462854 | \$6.128054 | \$ 816,952.08 |
| Gross Class II | | 5,734,274 | 4.779 | | |
| Less Other Source | | 1,517,838 | 3.343 | | |
| Producer Milk Class II | 24.0 | 4,216,436 | 5.295539 | 4.734610 | 199,631.80 |
| TOTAL PRODUCER MILK (Cl.I + Cl.II) | 100.0 | 17,547,782 | 3.903217 | | 1,016,583.88 |
| Add Fractional Adjustment | | | | | .01 |
| Add Value of Other Source Receipts | | | | | |
| Allocated to Class I and Location Adj. | | 270,442 | | | 12,520.50 |
| Add $\frac{1}{2}$ Producer-Settlement Fund Reserve | | | | | 8,282.28 |
| TOTAL VALUE AT TEST | | 17,818,224 | 3.870088 | 5.822054 | 1,037,386.67 |
| Less Test over 3.5% @ 8.2¢ per point | | 17,818,224 | .370088 | .303472 | 54,073.32 |
| TOTAL UTILIZATION VALUE AT 3.5% | | 17,818,224 | 3.5 | 5.518582 | 983,313.35 |
| Less Reserve Per \$ 1090.71(f) | | 17,818,224 | | .048582 | |
| WEIGHTED AVERAGE PRICE - 3.5% TEST | | 17,818,224 | 3.5 | \$5.47 | |
| Less FMP from Unregulated Supply Plants | | | | | |
| Allocated to Class I @ Wt. Av. Price | | 270,442 | 3.5 | 5.47 | 14,793.18 |
| TOTAL PRODUCER MILK VALUE @ 3.5% TEST | | 17,547,782 | 3.5 | | \$ 968,520.17 |
| | | Pounds | Price | Amount | |
| Excess Producer Milk Used in Class I | | - | - | - | |
| Excess Producer Milk Used in Class II | | 1,543,083 | \$3.37 | \$52,001.89 | |
| Total Value of Excess Milk | | 1,543,083 | 3.37 | 52,001.89 | |
| Less Prod.-Settlement Fund Reserve @ 4¢ | | 1,543,083 | .04 | | 617.23 |
| UNIFORM EXCESS PRICE - 3.5% TEST | | 1,543,083 | \$3.33 | | \$ 51,384.66 |
| Total Value of Base Milk | | 16,004,699 | 5.726557 | | 916,518.28 |
| Less Producer-Settlement Fund Reserve | | 16,004,699 | .046557 | | 7,451.31 |
| UNIFORM BASE PRICE - 3.5% TEST | | 16,004,699 | \$5.68 | | \$ 909,066.97 |

JUNE 1967 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

| TEST % | PRICES | | TEST % | PRICES | | TEST % | PRICES | |
|-----------|--------|--------|-----------|--------|--------|-----------|--------|--------|
| | BASE | EXCESS | | BASE | EXCESS | | BASE | EXCESS |
| 3.0 | \$5.27 | \$2.92 | 4.0 | \$6.09 | \$3.74 | 5.0 | \$6.91 | \$4.56 |
| 3.05 | 5.311 | 2.961 | 4.05 | 6.131 | 3.781 | 5.05 | 6.951 | 4.601 |
| 3.1 | 5.352 | 3.002 | 4.1 | 6.172 | 3.822 | 5.1 | 6.992 | 4.642 |
| 3.15 | 5.393 | 3.043 | 4.15 | 6.213 | 3.863 | 5.15 | 7.033 | 4.683 |
| 3.2 | 5.434 | 3.084 | 4.2 | 6.254 | 3.904 | 5.2 | 7.074 | 4.724 |
| 3.25 | 5.475 | 3.125 | 4.25 | 6.295 | 3.945 | 5.25 | 7.115 | 4.765 |
| 3.3 | 5.516 | 3.166 | 4.3 | 6.336 | 3.986 | 5.3 | 7.156 | 4.806 |
| 3.35 | 5.557 | 3.207 | 4.35 | 6.377 | 4.027 | 5.35 | 7.197 | 4.847 |
| 3.4 | 5.598 | 3.248 | 4.4 | 6.418 | 4.068 | 5.4 | 7.238 | 4.888 |
| 3.45 | 5.639 | 3.289 | 4.45 | 6.459 | 4.109 | 5.45 | 7.279 | 4.929 |
| 3.5 | 5.68 | 3.33 | 4.5 | 6.50 | 4.15 | 5.5 | 7.32 | 4.97 |
| 3.55 | 5.721 | 3.371 | 4.55 | 6.541 | 4.191 | 5.55 | 7.361 | 5.011 |
| 3.6 | 5.762 | 3.412 | 4.6 | 6.582 | 4.232 | 5.6 | 7.402 | 5.052 |
| 3.65 | 5.803 | 3.453 | 4.65 | 6.623 | 4.273 | 5.65 | 7.443 | 5.093 |
| 3.7 | 5.844 | 3.494 | 4.7 | 6.664 | 4.314 | 5.7 | 7.484 | 5.134 |
| 3.75 | 5.885 | 3.535 | 4.75 | 6.705 | 4.355 | 5.75 | 7.525 | 5.175 |
| 3.8 | 5.926 | 3.576 | 4.8 | 6.746 | 4.396 | 5.8 | 7.566 | 5.216 |
| 3.85 | 5.967 | 3.617 | 4.85 | 6.787 | 4.437 | 5.85 | 7.607 | 5.257 |
| 3.9 | 6.008 | 3.658 | 4.9 | 6.828 | 4.478 | 5.9 | 7.648 | 5.298 |
| 3.95 | 6.049 | 3.699 | 4.95 | 6.869 | 4.519 | 5.95 | 7.689 | 5.339 |

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

| Date | PRODUCER UNIFORM PRICES ^{1/} | | | | HANDLER CLASS PRICES ^{1/} | | | |
|----------|---------------------------------------|--------|--------|---------|------------------------------------|---------|----------|---------|
| | Per Hundredweight | | | | Class I | | Class II | |
| | Uniform | Base | Excess | Bf.Dif. | Cwt. | Bf.Dif. | Cwt. | Bf.Dif. |
| June '66 | \$4.87 ^{2/} | \$5.01 | \$3.08 | 8.0¢ | \$5.45 | 8.3¢ | \$3.12 | 7.6¢ |
| July | 5.28 ^{2/} | 5.44 | 3.24 | 8.4 | 5.767 | 8.6 | 3.28 | 8.2 |
| Aug. | 5.27 | - | - | 9.0 | 5.84 | 9.3 | 3.49 | 8.4 |
| Sept. | 5.66 | - | - | 9.4 | 5.87 | 9.5 | 4.25 | 8.6 |
| Oct. | 5.65 | - | - | 9.2 | 6.01 | 9.7 | 3.99 | 7.9 |
| Nov. | 5.68 | - | - | 8.6 | 6.09 | 8.9 | 3.95 | 7.8 |
| Dec. | 5.65 | - | - | 8.4 | 6.07 | 8.8 | 3.90 | 7.6 |
| Jan. '67 | 5.62 | - | - | 8.2 | 6.09 | 8.6 | 3.90 | 7.6 |
| Feb. | 5.50 | - | - | 8.2 | 6.05 | 8.6 | 3.37 | 7.6 |
| Mar. | 5.36 ^{2/} | 5.54 | 3.33 | 8.2 | 5.92 | 8.6 | 3.37 | 7.6 |
| Apr. | 5.19 ^{2/} | 5.45 | 3.31 | 8.2 | 5.94 | 8.6 | 3.35 | 7.6 |
| May | 5.33 ^{2/} | 5.54 | 3.32 | 8.2 | 6.00 | 8.6 | 3.36 | 7.6 |
| June | 5.47 ^{2/} | 5.68 | 3.33 | 8.2 | 6.16 | 8.6 | 3.37 | 7.6 |
| July | - | - | - | - | 6.24 | 8.6 | - | - |

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

| Date | CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5% | | PRICE QUOTATIONS | | | | Basic Formula \$-cwt-3.5% |
|----------|---|---------------|-----------------------------|----------------------|-----------------------|----------------------------------|---------------------------|
| | 4 Tenn. Milk Mfg. | Butter Powder | 4 Tenn. Milk Mfg. \$-cwt-4% | Chi.92° Butter ¢ Lb. | Chi.Area Powder ¢ Lb. | Minn/Wisc. Mfg. Milk \$-cwt-3.5% | |
| | Milk Mfg. | Powder | | | | | |
| June '66 | 3.12 | 3.65 | 3.500 | 65.99 | 16.81 | 3.82 | 4.00 ^{4/} |
| July | 3.28 | 4.02 | 3.688 | 71.19 | 18.83 | 4.05 | 4.05 |
| Aug. | 3.49 | 4.17 | 3.913 | 73.05 | 19.63 | 4.26 | 4.26 |
| Sept. | 3.55 | 4.25 | 3.981 | 74.88 | 19.73 | 4.34 | 4.34 |
| Oct. | 3.57 | 3.99 | 3.969 | 68.80 | 19.64 | 4.26 | 4.26 |
| Nov. | 3.52 | 3.95 | 3.913 | 67.70 | 19.74 | 4.15 | 4.26 ^{4/} |
| Dec. | 3.50 | 3.90 | 3.881 | 66.49 | 19.58 | 4.14 | 4.26 ^{4/} |
| Jan. '67 | 3.47 | 3.90 | 3.850 | 66.47 | 19.57 | 4.08 | 4.26 ^{4/} |
| Feb. | 3.37 | 3.86 | 3.750 | 66.47 | 19.46 | 4.02 | 4.15 ^{4/} |
| Mar. | 3.37 | 3.86 | 3.750 | 66.46 | 19.48 | 4.01 | 4.15 ^{4/} |
| Apr. | 3.35 | 3.86 | 3.731 | 66.45 | 19.47 | 3.98 | 4.05 ^{4/} |
| May | 3.36 | 3.86 | 3.744 | 66.47 | 19.44 | 3.96 | 4.05 ^{4/} |
| June | 3.37 | 3.86 | 3.750 | 66.47 | 19.47 | 3.96 | 4.05 ^{4/} |

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

| Date | HANDLER GROSS MILK ^{3/} | | | PRODUCER DATA ^{3/} | | | | Deliveries Per Farm---- | | | Prod. Milk Test-% |
|----------|----------------------------------|---------------|-------------|-----------------------------|----------------|---------------|-----------|-------------------------|-------|------|-------------------|
| | No. Hdlrs. | Total Receipt | Class I Use | Class I Use | Total Delivery | Base Delivery | No. Prod. | Prod. | Base | Exc. | |
| | | | | | | | | | | | |
| June '66 | 11 | 664,459 | 492,255 | 477,148 | 624,721 | 579,064 | 642 | 973 | 902 | 71 | 3.90 |
| July | 9 | 606,531 | 461,978 | 450,482 | 558,984 | 520,301 | 601 | 930 | 866 | 64 | 3.89 |
| Aug. | 9 | 627,073 | 467,668 | 460,875 | 602,478 | - | 602 | 1,001 | - | - | 3.87 |
| Sept. | 9 | 669,440 | 573,722 | 549,013 | 617,915 | - | 591 | 1,046 | - | - | 3.95 |
| Oct. | 9 | 641,779 | 534,469 | 499,096 | 585,436 | - | 575 | 1,018 | - | - | 4.15 |
| Nov. | 9 | 621,225 | 507,725 | 474,427 | 565,267 | - | 571 | 990 | - | - | 4.20 |
| Dec. | 10 | 642,424 | 511,500 | 476,665 | 575,620 | - | 572 | 1,006 | - | - | 4.22 |
| Jan. '67 | 9 | 645,961 | 508,383 | 468,006 | 581,714 | - | 568 | 1,024 | - | - | 4.21 |
| Feb. | 9 | 623,312 | 489,998 | 451,595 | 558,785 | - | 550 | 1,016 | - | - | 4.15 |
| Mar. | 9 | 680,040 | 518,872 | 477,073 | 602,753 | 554,123 | 562 | 1,073 | 986 | 87 | 4.02 |
| Apr. | 9 | 721,150 | 500,924 | 463,179 | 643,759 | 566,415 | 555 | 1,160 | 1,021 | 139 | 3.91 |
| May | 9 | 686,775 | 497,821 | 458,593 | 611,463 | 553,010 | 552 | 1,108 | 1,002 | 106 | 3.96 |
| June | 8 | 674,624 | 483,482 | 444,378 | 584,926 | 533,490 | 552 | 1,060 | 967 | 93 | 3.90 |

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments